

AMENDED IN ASSEMBLY JUNE 14, 2006

AMENDED IN SENATE MAY 2, 2006

SENATE BILL

No. 1465

Introduced by Senator Soto

February 23, 2006

An act to amend Sections 22115, 22217, 22362, 22803, 22820, 23852, ~~and~~ 23855, *and* 24410.6 of, and to add Section 22404 to, the Education Code, relating to state teachers' retirement and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as amended, Soto. State teachers' retirement.

(1) *Under existing law, the compensation earnable for a member of the State Teacher's Retirement System employed by a community college prior to July 1, 1996, is defined by a specified number of hours based on provisions in effect on June 30, 1996.*

This bill would permit the Teachers' Retirement Board to establish and implement certain factors and assumptions to determine the compensation earnable of a member employed by a community college prior to July 1, 1996.

(2) Existing law requires the Teacher's Retirement Board to employ a certified public accountant or public accountant, who is not in public employment, to annually audit the financial statements of the State Teachers' Retirement System. Existing law requires the board to file a copy of the audit report with the Governor, the Secretary of State, and the Chief Clerk of the Assembly.

This bill would instead require that the audit report be incorporated into the annual report filed with the Governor and the Legislature.

(2)

(3) Existing law requires the Teacher's Retirement Board to give first priority to investing not less than 25% of all funds of the plan that become available in a fiscal year for new investments in specified real estate investments. Upon a specified determination, the board is permitted to substitute higher yielding investments, to the extent these are actually available for acquisition. In this case, the board is required to provide certain information regarding estimates to the Governor and the Joint Legislative Audit Committee, as specified.

This bill would eliminate the requirement that this information be provided upon the substitution of higher yielding investments.

(4) *Existing law permits a member of the Defined Benefit Program of the State Teachers' Retirement System to receive credit for specified service.*

This bill would permit a member of the Defined Benefit Program of the State Teachers' Retirement System to receive up to 2 years service credit for time served as a member of the Peace Corps, as specified.

(3)

(5) Existing law authorizes a state agency, upon authorization of the Franchise Tax Board, to forego collection of taxes, licenses, fees, or money owing to the state for any reason if the amount to be collected is \$250 or less.

This bill would permit the board to establish a specified amount or amounts below which the State Teachers' Retirement System may dispense with recalculation or adjustment of benefit payments, not to exceed \$10, *which may be adjusted annually pursuant to the All Urban California Consumer Price Index, with the adjusted amount not to exceed \$250.*

(4)

(6) Existing law allows a member of the State Teachers' Retirement System to purchase service credit for out-of-state service credited in a public retirement system for service performed in public education in another state or territory of the United States, as specified.

This bill would revise these provisions to eliminate the requirement that the out-of-state service be credited in a public retirement system. The bill would apply these provisions to ~~educational~~ service for teaching performed while employed by a public educational institution, as specified, or as an employee of the United States. ~~The bill would also make conforming changes.~~

(5)

(7) The State Teachers' Retirement System provides for certain death benefits to be paid to the spouse, registered domestic partner, children, and the beneficiary of eligible members under specified circumstances. If a surviving spouse or registered domestic partner elect to receive a lump-sum return of a members' accumulated contributions, then a survivor benefit allowance is not paid.

This bill would provide that, if there is not an eligible surviving spouse or domestic partner, ~~the~~ *each* eligible dependent child or children, if any, ~~may elect to~~ *shall* receive the child's portion of the survivor benefit allowance, subject to certain limits.

(8) *This bill would make additional conforming, technical, and nonsubstantive changes to these provisions.*

This bill would also appropriate ~~\$145,000~~ \$290,000 from the Teachers' Retirement Fund to the Teachers' Retirement Board to fund the expenditures required by this act.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22115 of the Education Code is
2 amended to read:
3 22115. (a) "Compensation earnable" means the creditable
4 compensation a person could earn in a school year for creditable
5 service performed on a full-time basis, excluding service for
6 which contributions are credited by the system to the Defined
7 Benefit Supplement Program.
8 (b) The board may determine compensation earnable for
9 persons employed on a part-time basis.
10 (c) When service credit for a school year is less than 1.000,
11 compensation earnable shall be the quotient obtained when
12 creditable compensation paid in that year is divided by the
13 service credit for that year, except as provided in subdivision (d).
14 (d) When a member earns creditable compensation at multiple
15 pay rates during a school year and service credit at the highest
16 pay rate is at least 0.900 of a year, compensation earnable shall
17 be determined as if all service credit for that year had been
18 earned at the highest pay rate. This subdivision shall be
19 applicable only for purposes of determining final compensation.
20 When a member earns creditable compensation at multiple pay

1 rates during a school year and service credit at the highest pay
2 rate is less than 0.900 of a year, compensation earnable shall be
3 determined pursuant to subdivision (c).

4 (e) (1) For purposes of determining compensation earnable
5 for a member employed by a community college prior to July 1,
6 1996, full time shall be defined pursuant to Section 22138.5 and
7 pursuant to Section 20521 of Title 5 of the California Code of
8 Regulations, as those provisions read on June 30, 1996, if
9 application of that definition will increase the compensation
10 earnable or otherwise enhance the benefits of the member.

11 (2) *For purposes of administering this subdivision, the board*
12 *shall have the authority to do both of the following:*

13 (A) *Establish and implement factors and assumptions*
14 *necessary to calculate and compare the benefits payable under*
15 *the definition of compensation earnable described in this*
16 *subdivision. Those factors and assumptions may be based on*
17 *information reported by the employer, including, but not limited*
18 *to, all of the following:*

19 (i) *Base hours.*

20 (ii) *Actual earnings.*

21 (iii) *Compensation earnable.*

22 (B) *Review member benefit calculations that were performed*
23 *using the factors and assumptions described in subparagraph*
24 *(A). If the board determines that an employer failed to identify*
25 *part-time service performed, the board shall consider that*
26 *part-time service to be performed in a part-time lecture*
27 *assignment as defined by the employer. If the board determines*
28 *by the review of the member benefit calculations that the*
29 *required information reported by the employer is inaccurate,*
30 *incomplete, or the factors and assumptions were applied*
31 *incorrectly, the board may recalculate member benefits using*
32 *additional factors and assumptions that may include, but are not*
33 *limited to, all of the following:*

34 (i) *Base hours.*

35 (ii) *Actual earnings.*

36 (iii) *Compensation earnable.*

37 (3) *This subdivision shall apply to a member employed by a*
38 *community college prior to July 1, 1996, if the community*
39 *college subsequently acts to reduce the minimum standard for*
40 *full time as described in subdivision (c) of Section 22138.5 and*

1 *that community college provides written notice to the system of*
2 *the act of the community college to reduce that minimum*
3 *standard.*

4 (4) *This subdivision shall not apply to a member employed by*
5 *a community college that has not reduced the minimum standard*
6 *as described in subdivision (c) of Section 22138.5.*

7 ~~(f) The amendments to this section made during the second~~
8 ~~year of the 1999-2000 Regular Session shall become operative on~~
9 ~~July 1, 2002, if the revenue limit cost-of-living adjustment~~
10 ~~computed by the Superintendent of Public Instruction for the~~
11 ~~2001-02 fiscal year is equal to or greater than 3.5 percent.~~
12 ~~Otherwise the amendments to this section made during the~~
13 ~~second year of the 1999-2000 Regular Session shall become~~
14 ~~operative on July 1, 2003.~~

15 **SECTION 1.**

16 *SEC. 2.* Section 22217 of the Education Code is amended to
17 read:

18 22217. (a) The board shall employ a certified public
19 accountant or public accountant, who is not in public
20 employment, to audit the financial statements of the system. The
21 costs of the audit shall be paid from the income of the retirement
22 fund. The audit shall be made annually and the audit report shall
23 be incorporated into the annual report filed with the Governor
24 and the Legislature pursuant to Section 22324.

25 (b) These audits shall not be duplicated by the Department of
26 Finance or the State Auditor. The system shall be exempt from a
27 pro rata general administrative charge for auditing.

28 ~~**SEC. 2.**~~

29 *SEC. 3.* Section 22362 of the Education Code is amended to
30 read:

31 22362. (a) Notwithstanding any other provision of law, the
32 board shall give first priority to investing not less than 25 percent
33 of all funds of the plan that become available in a fiscal year for
34 new investments, in any of the following:

35 (1) Obligations secured by a lien or charge solely on
36 residential realty, including rental housing, located in the state
37 and on the security of which, commercial banks are permitted to
38 make loans pursuant to Article 2 (commencing with Section
39 1220) of Chapter 10 of Division 1 of the Financial Code.

1 (2) Securities representing a beneficial interest in a pool of
2 obligations secured by a lien or charge solely on residential realty
3 located in the state.

4 (3) Certificates of deposit issued by savings and loan
5 associations, if the savings and loan associations agree to make
6 loans, or to fund tax-exempt notes or bonds issued by housing
7 authorities, cities, or counties, on residential realty located in the
8 state, including rental housing, in an amount equal to the amount
9 of the deposit.

10 (b) Funds subject to investment pursuant to this section
11 include all moneys received as employer and member
12 contributions, investment income, and the proceeds from all net
13 gains and losses from securities, reduced by the amount of
14 benefit payments and withdrawals occurring during the fiscal
15 year. In computing the amount of investment pursuant to this
16 section, a dollar-for-dollar credit shall be given for residential
17 realty investments described in this section that are contractually
18 agreed to be made by a financial institution from which the
19 board, in consideration thereof, purchases other such
20 investments. In computing the amount of investment pursuant to
21 this section, the board may elect to include the dollar amount of
22 commitments to purchase mortgages from public revenue bond
23 programs in the year the commitment is given. However, that
24 election may not exceed one-fifth of the total guideline amount.

25 (c) Nothing in this section shall be construed to require the
26 acquisition of any instrument or security at less than the market
27 rate.

28 (d) If the board determines during any fiscal year that
29 compliance with this section will result in lower overall earnings
30 for the retirement fund than obtainable from alternative
31 investment opportunities that would provide equal or superior
32 security, including guarantee of yield, the board may substitute
33 those higher yielding investments, to the extent actually available
34 for acquisition, for the investments otherwise specified by this
35 section. Additionally, if, and to the extent that, adherence to the
36 diversification guideline specified in this section would conflict
37 with its fiduciary obligations in violation of Section 9 of Article I
38 of the California Constitution or Section 10 of Article I of the
39 United States Constitution, or would conflict with the standard
40 for prudent investment of the fund as set forth in Section 17 of

1 Article XVI of the California Constitution, the board may
2 substitute alternative investments.

3 (e) The board, upon determining the final amount of funds
4 available for investment in substitute alternative investments and
5 the estimated amount of funds invested pursuant to subdivision
6 (a), shall submit that information to the Governor and the Joint
7 Legislative Audit Committee. Thereafter, the Joint Legislative
8 Audit Committee shall transmit the report of the State Auditor to
9 the Speaker of the Assembly and the Senate Committee on Rules
10 for transmittal to the affected policy committees.

11 ~~SEC. 3.~~

12 SEC. 4. Section 22404 is added to the Education Code, to
13 read:

14 22404. (a) Notwithstanding any other provision of this part
15 or Part 14 to the contrary, the board may establish by plan
16 amendment a specified amount or amounts ~~below which the~~
17 ~~system may dispense with any recalculation of, or other~~
18 ~~adjustment to, benefit payments, not to exceed the amount~~
19 ~~authorized by Section 13943.2 of the Government Code., not to~~
20 ~~exceed ten dollars (\$10), below which the system may dispense~~
21 ~~with the processing of benefit payments or collection of benefit~~
22 ~~overpayments that result from an adjustment made to the benefit~~
23 ~~paid to a member, participant, or beneficiary.~~

24 (b) *When the cumulative dollar amount associated with*
25 *multiple benefit adjustments exceeds the amount described in*
26 *subdivision (a), that amount shall be paid to, or collected from,*
27 *the member, participant, or beneficiary. That cumulative amount*
28 *paid or collected shall not be credited with interest.*

29 (c) *The ten dollar (\$10) limit specified in subdivision (a) may*
30 *be adjusted by the board according to the percent change in the*
31 *All Urban California Consumer Price Index from the date the*
32 *board first takes action to adopt, by plan amendment, the amount*
33 *specified in subdivision (a). However, the adjusted amount shall*
34 *not exceed the amount authorized by Section 13943.2 of the*
35 *Government Code.*

36 SEC. 5. Section 22803 of the Education Code is amended to
37 read:

38 22803. (a) A member may elect to receive credit for any of
39 the following:

1 (1) Service performed in a teaching position in a publicly
2 supported and administered university or college in this state not
3 covered by another public retirement system.

4 (2) Service performed in a certificated teaching position in a
5 child care center operated by a county superintendent of schools
6 or a school district in this state.

7 (3) Service performed in a teaching position in the California
8 School for the Deaf or the California School for the Blind, or in
9 special classes maintained by the public schools of this state for
10 the instruction of the deaf, the hard of hearing, the blind, or the
11 semisighted.

12 (4) Service performed in a certificated teaching position in a
13 federally supported and administered Indian school in this state.

14 (5) Time served, not to exceed two years, in a certificated
15 teaching position in a job corps center administered by the
16 United States government in this state if the member was
17 employed to perform creditable service subject to coverage under
18 the Defined Benefit Program within one year prior to entering the
19 job corps and returned to employment to perform creditable
20 service subject to coverage under the Defined Benefit Program
21 within six months following the date of termination of service in
22 the job corps.

23 (6) *Time served, not to exceed two years, in a teaching*
24 *position as a member of the Peace Corps if the member was*
25 *employed to perform creditable service subject to coverage*
26 *under the Defined Benefit Program within one year prior to*
27 *entering the Peace Corps and returned to employment to perform*
28 *creditable service subject to coverage under the Defined Benefit*
29 *Program within six months following the date of termination of*
30 *service in the Peace Corps.*

31 (7) Time spent on a sabbatical leave, approved by an employer
32 in this state, after July 1, 1956.

33 ~~(7)~~

34 (8) Time spent on an approved leave, approved by an
35 employer in this state, to participate in any program under the
36 federal Mutual Educational and Cultural Exchange Program.

37 ~~(8)~~

38 (9) Time spent on an approved maternity or paternity leave of
39 two years or less in duration, regardless of whether or not the
40 leave was taken before or after the addition of this subdivision.

~~(9)~~

(10) Time spent on an approved leave, up to four months in any 12-month period, for family care or medical leave purposes, as defined by Section 12945.2 of the Government Code, as it read on the date leave was granted, excluding maternity and paternity leave.

~~(10)~~

(11) Time spent employed by the Board of Governors of the California Community Colleges in a position subject to coverage by the Public Employees' Retirement System between July 1, 1991, and December 31, 1997, provided the member has elected to return to coverage under the State Teachers' Retirement System pursuant to Section 20309 of the Government Code.

(b) In no event shall the member receive credit for service or time described in paragraphs (1) to ~~(10)~~ (11), inclusive, of subdivision (a) if the member has received or is eligible to receive credit for the same service or time in the Cash Balance Benefit Program under Part 14 (commencing with Section 26000) or another retirement system.

~~SEC. 4.~~

SEC. 6. Section 22820 of the Education Code is amended to read:

22820. (a) A member, other than a retired member, may elect to purchase credit for out-of-state service for educational service performed in a position while employed by a public educational institution located in another state or territory of the United States, or for educational service performed as an employee of the United States. The member may not receive credit for this service if the member has credit or is eligible to receive credit for the same service in the Cash Balance Benefit Program under Part 14 (commencing with Section 26000) or another public retirement system, excluding social security.

(b) The amount of out-of-state service for which a member may purchase credit may not exceed the number of years of educational service performed by the member as an employee, as described in subdivision (a), in a public educational institution of another state or territory of the United States or as an employee of the United States.

(c) Out-of-state service credit may be purchased under this section by means of any of the following actions:

1 (1) Paying an amount equal to the amount refunded from the
2 other public retirement system and receiving service credit under
3 the Defined Benefit Program pursuant to subdivision (a) of
4 Section 22823.

5 (2) Paying the contributions required under the Defined
6 Benefit Program pursuant to subdivision (a) of Section 22823 for
7 the service credited in the other public retirement system.

8 (3) Paying an amount equal to the amount refunded from the
9 other public retirement system and an additional amount in
10 accordance with subdivision (a) of Section 22823 for the service
11 credited in the other public retirement system.

12 (d) Compensation for out-of-state service may not be used in
13 determining the highest average annual compensation earnable
14 when calculating final compensation.

15 (e) The service credit purchased under this section may not be
16 used to meet the eligibility requirements for benefits provided
17 under Sections 24001 and 24101.

18 ~~SEC. 5.~~

19 *SEC. 7.* Section 23852 of the Education Code is amended to
20 read:

21 23852. Upon receipt of proof of death of a member who has
22 no preretirement option in effect:

23 (a) The surviving spouse may elect to receive either of the
24 following:

25 (1) The member's accumulated retirement contributions in a
26 lump sum.

27 (2) The survivor benefit allowance pursuant to Sections 23854
28 and 23855.

29 (b) If there is no eligible surviving spouse, ~~the~~ *each* eligible
30 dependent child or children, ~~if any, may elect to~~ *shall* receive the
31 child's portion of the survivor benefit allowance pursuant to
32 Sections 23854, 23855, and 23856. The child's portion of the
33 survivor benefit allowance shall be paid in lieu of the return of
34 the member's accumulated retirement contributions.

35 (c) If there is no eligible surviving spouse or eligible
36 dependent child or children, the member's accumulated
37 retirement contributions shall be paid to the member's
38 beneficiary in a lump sum.

39 (d) The member's accumulated annuity deposit contributions
40 shall be paid to the member's beneficiary in a lump sum.

(e) The payment of accumulated contributions in a lump sum shall include credited interest through the date of payment.

~~SEC. 6.~~

SEC. 8. Section 23855 of the Education Code is amended to read:

23855. (a) The survivor benefit allowance is a monthly allowance equal to one-half of the modified retirement allowance the member would have received at ~~age 60 years~~ *60 years of age*, if the member had retired and elected Option 3 ~~as provided in pursuant to Section 24300, that provides an allowance equal to one-half of the modified retirement allowance the member would have received at 60 years of age~~, naming the spouse as the option beneficiary.

(b) The allowance payable under this subdivision shall be based on the member's actual service credit and final compensation as of the date of his or her death, the ~~age 60~~ retirement factor *at 60 years of age*, and the member's and spouse's ages as of the date the member would have attained ~~age 60 years~~ *60 years of age*. If the member's death occurs after he or she attains ~~age 60 years~~ *60 years of age*, his or her actual final compensation, the ~~age 60~~ retirement factor *at 60 years of age*, and the member's and spouse's ages as of the date of the member's death shall be used in the allowance calculation.

(c) The allowance calculation shall include service credit for the unused sick leave that had accrued to the member as of the date of his or her death. Eligibility for the inclusion of unused sick leave service credit and the calculation of that service credit shall be determined pursuant to Section 22717.

(d) The surviving spouse may elect to begin receiving the survivor benefit allowance immediately as of the date of the member's death or to defer receipt of the allowance to the date the member would have attained ~~age 60 years~~ *60 years of age*. If allowance payments to the surviving spouse commence prior to the date the member would have attained ~~age 60 years~~ *60 years of age*, the allowance payable shall be actuarially reduced.

(e) If the spouse elects, pursuant to Section 23852, to receive the survivor benefit allowance, an additional 10 percent of final compensation shall be payable for each dependent child who is ~~not older than age 21 years~~ *under 21 years of age*, up to a maximum of 50 percent of final compensation. The child's

portion shall begin to accrue on the day following the member's date of death and shall be payable even if the spouse elects to postpone receipt of the spouse's survivor benefit allowance until the date the member would have attained ~~age 60 years~~ 60 years of age.

(f) If there is no surviving spouse, an allowance in an amount equal to 10 percent of the deceased member's final compensation shall be paid to each dependent child who is not older than 21 years of age, up to a maximum of 50 percent of final compensation. If there are more than five dependent children, they shall receive allowances in equal shares of the 50 percent of final compensation. A child's portion of the survivor benefit allowance shall begin to accrue on the day following the member's date of death.

SEC. 9. Section 24410.6 of the Education Code is amended to read:

24410.6. (a) Notwithstanding any provision of this part, including, but not limited to, subdivision (e) of Section 22664, and except as provided in subdivisions (b) and (c), the annual allowance payable on the effective date of this section to a retired member, an option beneficiary, or a surviving spouse receiving an allowance pursuant to either Section 23805 or 23855 shall not be less than the amount identified in the following schedule for the number of years of the member's credited service under the Defined Benefit Program at the time of the member's retirement, disability, or death, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, after the application of all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415, as those sections read on December 31, 2000, and excluding increases authorized by Section 24410.7 and annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions:

20 years of credited service.....	\$15,000
21 years of credited service.....	\$15,500
22 years of credited service.....	\$16,000
23 years of credited service.....	\$16,500
24 years of credited service.....	\$17,000
25 years of credited service.....	\$17,500

1	26 years of credited service.....	\$18,000
2	27 years of credited service.....	\$18,500
3	28 years of credited service.....	\$19,000
4	29 years of credited service.....	\$19,500
5	30 years or more of credited service.....	\$20,000

6

7 (b) Notwithstanding subdivision (a), the amount identified in
8 the schedule in subdivision (a) shall be reduced:

9 (1) By 50 percent for a beneficiary receiving an allowance
10 under Option 3 or Option 7.

11 (2) By one-third for an option beneficiary receiving an
12 allowance under Option 4 after the death of the member or for a
13 member receiving an allowance under Option 4 after the death of
14 the option beneficiary.

15 (3) By 50 percent for an option beneficiary receiving an
16 allowance under Option 5 after the death of the member or for a
17 member receiving an allowance under Option 5 after the death of
18 the option beneficiary.

19 (4) By a percentage equal to 100 percent minus the percentage
20 of the member's modified allowance received by the option
21 beneficiary for each option beneficiary receiving an allowance
22 under Option 8.

23 (5) By 60 percent for a surviving spouse receiving an
24 allowance pursuant to subdivision (a) of Section 23805.

25 (6) By 50 percent for a surviving spouse receiving an
26 allowance pursuant to subdivision (c) of Section 23805 or
27 Section 23855.

28 (c) A benefit shall be paid pursuant to this section if both of
29 the following apply:

30 (1) The retired member, the option beneficiary, or the
31 surviving spouse had an allowance payable on January 1, 2000,
32 and was not eligible to receive a benefit pursuant to Section
33 24410.5.

34 (2) The retired member or the member whose service was the
35 basis of the allowance payable to the option beneficiary or
36 surviving spouse was one of the following:

37 (A) A member who retired prior to the age of 55 years,
38 provided the minimum allowance specified in subdivision (a)
39 shall be reduced to an amount equal to that minimum allowance
40 multiplied by the ratio of the percentage of final compensation

1 per year of credited service on which the member's initial
2 allowance was based to 1.4.

3 (B) A member who was paid a retirement allowance pursuant
4 to Section 24211, 24212, or 24213, if the member's credited
5 service, excluding service credited pursuant to Sections 22714,
6 22715, 22717, and 22826, was less than 20 years but whose
7 projected service to normal retirement age, excluding service
8 credited pursuant to Sections 22714, 22715, 22717, and 22826,
9 was equal to or greater than 20 years, provided that the minimum
10 allowance payable shall be based on 20 years of credited service.

11 (C) A member who retired as an inactive member.

12 (D) A member who retired prior to March 21, 1974, with 19.5
13 years or more of credited service, provided that the minimum
14 allowance payable shall be based on 20 years of credited service.

15 (E) A member who retired on or after March 21, 1974, and
16 prior to January 1, 2000, and whose credited service, excluding
17 service credited pursuant to Sections 22714, 22715, 22717, and
18 22826, was less than 20 years, but whose credited service,
19 excluding service credited pursuant to Sections 22714, 22715,
20 and 22826, but including service credited pursuant to Section
21 22717, was equal to or greater than 20 years, provided that the
22 minimum allowance payable shall be based on 20 years of
23 credited service.

24 (F) A member whose credited service, excluding service
25 credited pursuant to Sections 22714, 22715, and 22826, but
26 including credited service that a court has ordered be awarded to
27 the member's nonmember spouse pursuant to Section 22652,
28 equaled at least 20 years, provided that the amount payable to the
29 member pursuant to this section shall be based on the amount of
30 service credited to the member, excluding service credited
31 pursuant to Sections 22714, 22715, 22717, and 22826, and the
32 amount awarded to the nonmember spouse, and further provided
33 that the minimum allowance specified in subdivision (a) shall be
34 reduced to an amount equal to that minimum allowance
35 multiplied by the ratio of (i) the amount of service credited to the
36 member, excluding service credited pursuant to Sections 22714,
37 22715, 22717, and 22826, to (ii) the sum of the amount of service
38 credited to the member, excluding service credited pursuant to
39 Sections 22714, 22715, 22717, and 22826, and the amount
40 awarded to the nonmember spouse.

(d) A benefit shall be paid pursuant to this section to a retired member receiving a benefit pursuant to Section 24410.5 if (1) the member meets the criteria of subparagraph (F) of paragraph (2) of subdivision (c), and (2) the allowance payable under that subparagraph, after the application of all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415, is greater than the allowance payable under Section 24410.5, after the application of all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415.

(e) A retired member, option beneficiary, or surviving spouse subject to this section shall receive the annual minimum allowance pursuant to this section unless the system receives in writing, on a form prescribed by the system, notification from the member, option beneficiary, or surviving spouse of his or her election not to receive the increase provided under this section.

(f) Benefits payable under this section shall be initially paid by the system on or before September 1, 2001.

(g) *The amendments to this section made by the act adding this subdivision does not constitute a change in, but is declaratory of, the existing law.*

~~SEC. 7.~~

~~SEC. 10.~~ The sum of ~~one hundred forty-five thousand dollars (\$145,000)~~ *two hundred ninety thousand dollars (\$290,000)* is hereby appropriated from the Teachers' Retirement Fund to the Teachers' Retirement Board to fund expenditures required by the provisions of this act.